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unions are often due to ignorance and that "the fallacy of the 'labor lump' is not dissimilar to the theory of the wages fund, which once enjoyed a considerable vogue among learned economists." He points out further that the effect of the union on its members is intimately connected with its effect on trade; that "anything that increases the physical and intellectual capacity of the workmen in any trade and raises their moral tone will probably tend to increase their efficiency as producers; in so far as a trade union has this effect, it conduces to the prosperity of the trade. But," Mr. Drage adds, "too great power in the hands of a trade union, resulting in a one-sided regulation of the conditions of employment, would be very injurious to the interests of the trade as a whole."

The treatment of the legal position of unionism is disappointing, and the author adds practically nothing to what has already been said on the subject. The book as a whole, however, is one for which those interested in social problems may well be grateful, for it furnishes a succinct, interesting, and impartial account of one important phase of present-day industrial organization.

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*The Sociological Theory of Capital: Being a Complete Reprint of the New Principles of Political Economy, 1834.* By JOHN RAE, M.A. Edited with Biographical Sketch and Notes by CHARLES WHITNEY MIXTER, Ph.D. New York: The Macmillan Co., 1905. 8vo, pp. lii + 485.

In preparing for publication a reconstructed edition of *The New Principles of Political Economy* by John Rae, the editor has rendered economic science a real service. Through Professor Mixter's essays, previously published, as well as through the words of praise accorded the work of Rae by Edgeworth, Irving Fisher, and others, Rae has become known to contemporary students of political economy as a thinker of real merit, and as a writer deserving attention. But in spite of the essays and the occasional words of praise, the general student of political economy has been without an opportunity to know Rae at first hand, and thus to form a full appreciation. Henceforth so independent, original and strong a writer will surely be increasingly stimulating to economists. Through the general progress of their science those points of view, that spirit and method of economic analysis, that wide knowledge, the result of wide reading and careful

observation, that devotion to fact, and that profound psychological insight which characterized the writings of Rae, have become dominant during the quarter of a century past in determining the direction of the development of economic thought. The time, therefore, for a reprint of Rae is eminently opportune. The present generation of economists is better prepared to understand him than any previous body of readers, since the appearance of *The Wealth of Nations*. Rae clearly anticipated not only the psychological school of political economy, which has wielded such an extensive influence during recent decades, but equally the historical school. In general Rae, like a broad sociologist, appreciated the importance of the psychical aspects of economic life; at the same time he did not fail to see physical factors and material environment in their causal and retro-active relations in economic development. He is faithful not only to the inductive method of the natural sciences, but is at home also in the use of the comparative method of the historian. He knew the value of ideas, and at the same time was profoundly realistic.

The present edition is not a reprint simply; it is really a new book. How thoroughly the treatise as originally printed by Rae is recast may be judged in part by observing that what was first in the original work has become last in this edition. Rae himself was so dominated by the conceit that he was writing a distinctive criticism on *The Wealth of Nations* that he failed to give sufficient prominence to his own positive and substantial contributions to the development of a correct economic theory. The editor has possessed courage to separate out from the main treatise what is incidental and fragmentary, grouping this material apart under appropriate headings as an appendix which as it stands in the new book contains eight articles. Some of these articles are in the nature of digressions; for example, the detailed discussion of luxury, and an examination of the art of the banker, and some notice of Rae's later views on population found in posthumous manuscript. Other articles are in the nature of special studies of method in science—such discussions as might be associated with any science constituting properly a part of logic. It is possible that English and American students neglect this preparation for the investigation of their specific subjects. Something might be said for giving a place to a chapter on logical method as introductory to every treatise on political economy. Of the controversial paragraphs from which Professor Mixter has relieved the main text, and which consequently have found their way to the appendix, Rae's

reflections on the theory of *laissez-faire* may be given as an example. The keenly analytic, but somewhat abstruse, reasoning with which Rae undertook to overthrow Adam Smith's economic arguments for free trade, has been given a place as the last article in the appendix, instead of making up the initial chapters as it did in the original.

Rae's constructive work is brought together in a compass of 242 pages divided into fourteen chapters, which for the most part retain the headings given them in the original publication. In a few instances special headings are supplied by the editor. It is this portion of the book especially which deserves to be read by every student of economic science. Instead of beginning with an hypothesis derived from modern experience alone, such as the Ricardians found in the economic man, Rae sets out upon the path of constructive work by fixing his attention upon what is universally characteristic of man as distinguished from other animals. To Rae's first chapter in the reconstructed book as it now stands Professor Mixter has supplied the title, "Of Economic Ambition and the Means Essential to its Realization." The fundamental contrast between man and beast is that man is provident; that is, he has a progressive ambition. The degree of his providence marks the height of the civilization to which he has attained. Providence is a social, as well as an individual, achievement. The means for the realization of economic ambition are denominated instruments instead of capital. Chapters 2-5 contain a discussion of the fundamental characteristics of the instruments of production or capital. Rae's analysis leads him to conclude that the productive power of the community is determined or conditioned in four ways—by its raw material, its effective desire of accumulation, its general rate of wages, and by the progress of the inventive faculty. Of these four, the first and the third fall comparatively into the background in the further discussion, but the second and the fourth receive separate and full treatment, and each of them is of incalculable importance in the development of a positive theory of capital. His analysis of the circumstances which determine the strength of the effective desire of accumulation is profound, and pre-eminently entitled to be characterized as sociological. Three conditions mark, or measure, the effective desire of accumulation: the "social and benevolent affections" (i. e., the spirit of service), the intellectual powers and consequent use of reason in production, and the prevalence of law and order in the community. In the seventh chapter Rae examines some of the phenomena arising from the

different degrees of strength of the effective desire of accumulation in different societies, and thus arrives at general concepts of the causes of the advance and decline of civilizations.

The evolution of instruments gives rise to division of employments, which, as they evolve, are successively devoted to the full utilization of instruments, yielding (apart from the price of new inventions) more remote or slower returns. With his discussion of the separation of employments Rae combines a critical analysis of money and credit, and from this he passes to a profound analysis of the part which invention plays in human development in general. Rae's analysis of social invention is followed by a study of economic invention. It is refreshing to find an economist, though he be a sociologist, who frankly recognizes that talent and genius have commercial value, in spite of the fact that the world secures from their works a consumer's rent greatly in excess of the price actually paid. The fact that he has a developed theory of invention gives Rae's doctrine of capital a point of distinct superiority over Boehm-Bawerk's. "The effects on instruments of the progress of invention are to produce improvements in them, and to carry them back to orders of quicker return," and so for the time being to advance rate of profit.

The treatise closes with a discussion of international trade, of waste or pure economic loss, and of the effects resulting from diversities of strength in the accumulative principle in members of the same society. Finally there are observations on the principle of the division of labor. Rae aptly urges that division of labor must not be considered a cause (a "prime mover"), but a result—that division of labor comes through antecedent progress of invention.

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*The Lancashire Cotton Industry: A Study in Economic Development.* By SYDNEY J. CHAPMAN, M.A., Stanley Jevons Professor of Political Economy and Dean of the Faculty of Commerce in the University of Manchester. Manchester: The University Press, 1904. 8vo, pp. vii + 309.

This volume is the result of a research carried on under the Stanley Jevons Studentship in Economic Research at the Owens College, Manchester (The Victoria University of Manchester), and